

CRS Report for Congress

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East Timor: Potential Issues for Congress

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Summary

With the help of a transitional United Nations administration, East Timor emerged in 2002 as an independent state after a long history of Portuguese colonialism and more recently, Indonesian rule. This followed a U.N.-organized 1999 referendum in which the East Timorese overwhelmingly voted for independence and after which Indonesian-backed pro-integrationist militias went on a rampage. Under several different mandates, the United Nations has provided peacekeeping, humanitarian and reconstruction assistance, and capacity building to establish a functioning government. On April 28, 2005, the Security Council established a special one-year political mission to last until May 2006. Many challenges remain, including the need for economic development and sustained support by the international community. Congressional concerns focus on security and the role of the U.N., human rights, and East Timor's boundary disputes with Australia and Indonesia. Over time, East Timor could potentially gain significant wealth from energy resources beneath the Timor Sea.

On May 20, 2002, the Democratic Republic of East Timor (Timor-Leste) gained its independence, and on September 27, it became the 191st member of the United Nations. With the help of the United Nations transitional administration, East Timor's independence marked the end of three centuries of Portuguese rule and 24 years of Indonesian control.¹ Congress may be called upon to address issues related to East Timor as it considers legislation such as S. 191 and H.R. 886, which examine trade preferences with least-developed countries, Foreign Operations appropriations and proposed cuts to the Economic Support Fund, and East Timor's eligibility for the U.S.-government financed Millenium Challenge Account in 2006.

¹ Slobodan Lekic, "East Timor's Historic Vote Hailed as a Success," *Associated Press*, August 31, 2001.

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 04 MAY 2005		2. REPORT TYPE N/A		3. DATES COVERED -	
4. TITLE AND SUBTITLE East Timor: Potential Issues for Congress				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service The Library of Congress 101 Independence Ave SE Washington, DC 20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release, distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT SAR	18. NUMBER OF PAGES 6	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Background

In the 1640s, the Portuguese began to assert control over East Timor. This colonial presence would last until 1975 when the Revolutionary Front for an Independent East Timor (FRETILIN) gained ascendancy over the Timorese Union Party, pushed them out of East Timor in a brief civil war, and declared independence on November 28, 1975. Indonesia invaded East Timor on December 7, 1975 and began a period of occupation during which an estimated 100,000 to 250,000 East Timorese died.² Indonesia's annexation of East Timor as its 27th province was not recognized by the United Nations.

Under the supervision of the U.N., a national referendum to decide on either autonomy within Indonesia or on independence from it was held in East Timor on August 30, 1999. Seventy-eight percent of 98.6% of registered voters who voted opted for independence. This led to widespread retaliation and destruction by pro-integrationist militias backed by elements of the Indonesian military who were in favor of integration with Indonesia. More than 1,300 East Timorese were killed, and the displaced included more than 260,000 in West Timor and 200,000 in East Timor. Seventy percent of East Timor's economic infrastructure (such as housing stock, public buildings, and utilities), eighty percent of the schools, and virtually all medical facilities were destroyed by the militias. To quell the violence and restore order, a U.N.-sponsored peacekeeping mission International Force East Timor (INTERFET) was established (under Australian command) and deployed on September 20, 1999. Australia has continued to play a leading role both in U.N. operations and on a bilateral basis with East Timor since 1999.

East Timor in Brief

Area: 14,609 sq km (slightly larger than Connecticut)

Capital: Dili

Population: Between 800,000 and 1 million

Population growth rate: 2.11% (2004 est)

Religion: 90% Catholic, 4% Muslim, 3% protestant (1992 est.)

Language: Official, Tetum and Portuguese. Indonesian, English and other indigenous languages also spoken

Literacy: 58.6% (2002 est.)

GDP growth rate: 1% (2004 est.) and 3% (2005 forecast)

GDP per Capita: \$500 purchasing power parity (2001 est.)

Economy: agriculture 25.4%, industry 17.2%, services 57.4% (2001 est)

Unemployment: 20% (est. 2003), up to 40% among urban youth

Exports: Coffee, sandalwood, marble with potential for oil, gas and vanilla exports

Life expectancy at birth: 62 years (2003 est.)

Sources: *CIA World Factbook* (2004); U.S. Department of State; Australian Government, Department of Foreign Affairs and Trade; World Bank, *World Development Indicators* (2005)

U.N. Operations Since 1999

In brief, the U.N. operations since 1999 have evolved in phases. Security Council Resolution 1246 (1999) authorized the United Nations Mission in East Timor (UNAMET), established on June 11, 1999, to organize a national referendum on East Timor's status and depending on the outcome, oversee the transition period. After the violent rampage began, and with Indonesia's agreement, on September 12, 1999, the

² "Background Notes: East Timor," U.S. Department of State, September 2004.

Security Council passed Resolution 1264 (1999) to establish INTERFET. On October 19, 1999 Indonesia's parliament voted to confirm the results of the August referendum.

The United Nations Transitional Authority for East Timor (UNTAET) was established by U.N. Security Council Resolution 1272 (1999) on October 25, 1999 (and led by Sergio Vieira de Mello, the UNTAET Administrator) to provide a multi-dimensional peacekeeping operation to administer East Timor through its transition to independence. INTERFET initially overlapped with UNTAET until February 2000 when command of military operations in INTERFET was integrated with UNTAET. UNTAET's mandate was broad and included assisting East Timor to 1) recover from the violence through humanitarian aid and reconstruction assistance; 2) establish a functioning government; and 3) aid East Timorese who fled or were forcibly transported to Indonesia West Timor during the violence. In September 2000, three U.N. humanitarian workers were killed by members of East Timorese militia groups, resulting in the temporary suspension of U.N. humanitarian activities in West Timor.

On May 17, 2002, Security Council Resolution 1410 (2002) established a successor mission to UNTAET, the United Nations Mission for Support in East Timor (UNMISSET) for an initial period of 12 months. Subsequent resolutions extended the mandate at six-month intervals until May 20, 2005. On April 28, 2005 the U.N. Security Council adopted Resolution 1599 (2005) establishing the United Nations Office in Timor-Leste (UNOTIL), a special political mission that will remain in East Timor until May 20, 2006.³

Current Developments

Elections. East Timor held its first election on August 30, 2001 under the supervision of UNTAET to elect a constituent assembly to draft a new Constitution and, upon independence, to become the new parliament. More than 91% of the electorate participated. East Timor's Presidential election was held on April 14, 2002 when Xanana Gusmao, an independence leader who ran as an independent candidate, decisively defeated Francisco Xavier do Amaral. Voter turnout in this second election reached 86% of the electorate.⁴ The government is holding local elections in three phases through June 2005. The first phase, conducted by Timorese national authorities, took place in some districts in December 2004, where voter turnout exceeded 85%. Although generally viewed by the international community as successful, some difficulties typical of those associated with the first round of voting were encountered.⁵

Rehabilitation, Poverty Reduction, and Longer-Term Development. East Timor is the poorest country in Asia and one of the ten poorest in the world. The violence of 1999 left most of the country's infrastructure devastated. Poverty is widespread with many areas lacking electricity, clean water, good roads or adequate communications. The mountainous terrain is both difficult and infertile. Though the international community has supported East Timor, its rehabilitation needs sustained efforts aimed at job creation,

³ "Security Council Establishes One-year Political Mission in Timor-Leste," U.N. Press SC/8371.

⁴ Dwight King, "East Timor Founding Elections and Emerging Party System," *Asian Survey*, October 2003.

⁵ See USAID/East Timor at [<http://www.usaideasttimor.net>].

infrastructure reconstruction and development, and improved health conditions and literacy rates. Language may be a problem as observers believe Indonesian is a more widely used working language than the official Tetun or Portuguese.

Significant economic development is required to help the East Timorese people improve their basic standard of living. Experts predict external assistance will remain critical in the post-independence phase, particularly for capacity building in governance, and even as revenue from oil and gas from the Timor Gap increases. Other economic activity includes coffee and the potential for tourism and fisheries. The United Nations Development Assistance Framework 2003-2005 (UNDAF) provides a strategic road map for U.N. agencies. Other economic challenges include the strengthening of democratic institutions and emerging civil society, education and training of the nation's workforce to develop the new institutions of the state and its economy, the implementation of the rule of law, and rebuilding infrastructure. The departure of the large U.N. presence and prospect of a decline in foreign assistance is occurring at a time of rising expectations by East Timorese. East Timor is a member of the World Bank and the International Monetary Fund and has indicated an interest in ASEAN membership. East Timor gave \$75,000 for the victims of the December Indian Ocean tsunami.

Human Rights. In January 2000, an international commission of inquiry recommended that an international tribunal be established to consider crimes stemming from violence that followed the 1999 independence referendum. Instead, the Indonesian government pursued its own investigation.⁶ The Indonesian process has led the United States and a number of its allies to express their dissatisfaction.⁷ U.N. Secretary General Kofi Annan has also expressed his displeasure with the outcome of the Indonesian tribunal and plans to establish an expert commission. The United States has supported the U.N. plan and thinks that the joint Indonesia-East Timor Commission should not be the only judicial vehicle used.⁸ The Serious Crimes Unit (SCU) of UNMISET, which operated separately from the Indonesian investigation, indicted over 380 for alleged crimes,⁹ convicted 55, and acquitted 3 for their role in crimes associated with the 1999 referendum.¹⁰ According to Amnesty International, 280 of those convicted by the SCU are believed to be at large in Indonesia.¹¹

Funding: U.S. and International Assistance to East Timor

U.S. Assistance. In 1999-2000, U.S. assistance to East Timor included both disaster aid to the displaced in East Timor and to the refugees in West Timor, as well as reconstruction and development assistance in East Timor. Aid was provided primarily by the Department of State's Population, Refugee and Migration Bureau; USAID's Office

⁶ Paul Barber, "Military Impunity Undermines Democracy," *The Jakarta Post*, August 19, 2004.

⁷ "Several Countries Concerned About Trials of East Timor Rights Abusers," *Organization of Asia-Pacific News*, 25 August, 2004.

⁸ "US Calls for UN Inquiry on Timor," *BBC News*, December 23, 2005.

⁹ "East Timor's Foreign Min Opposes Intl Rights Tribunal," *Dow Jones*, September 8, 2004.

¹⁰ See S/2005/99, p. 6-8, (paragraphs 24-32.)

¹¹ Amnesty International [<http://www.amnesty.org>].

of Foreign Disaster Assistance and Food for Peace, and the Department of Defense. The USAID Office of Transition Initiatives (OTI) focused on community-based initiatives, the media and civil society. Since 2001, the United States has continued to provide substantial bilateral assistance to East Timor as outlined in the chart below. In addition to security initiatives, U.S. aid programs in East Timor have the goal of building a viable self sufficient free market economy, developing basic public services (such as health), supporting good governance through an emerging democratic political system and post-conflict democracy initiatives. U.S. assistance has helped the economic and political development of East Timor by supporting independent media, civil society organizations, and political parties as well as strengthening the electoral process, building judicial institutions, and strengthening governmental capacity. East Timor has been designated a “threshold country” for Millennium Challenge Account assistance in 2006. This designation is intended to be an added incentive for countries to reform. East Timor has submitted a proposal to strengthen its less competitive areas. East Timor remains vulnerable — and in the opinion of many experts — in need of sustained bilateral, multilateral, and regional support.

U.S. Assistance to East Timor, FY2001- FY2006

(thousand dollars)

Account	FY2001	FY2002	FY2003	FY2004	FY2005 est.	FY2006 request
Economic	24,945	25,000	24,838	22,367	21,824	13,500 ^a
Military	1,796	1,050	2,109	2,579	1,292	1,800
Peacekeeping	8,500	8,000	3,250	1,050	1,000	-
Peace Corps	0	612	1,219	1,320	1,402	1,583
Totals	35,241	34,662	31,416	27,316	25,518	16,883

Sources: U.S. Department of State, USAID, U.S. Department of Agriculture. See also CRS Report RL31362, *U.S. Foreign Aid to East and South Asia: Selected Recipients*, by Thomas Lum. The U.S. has also provided small amounts of food aid in selected years under P.L. 480 grants; these figures are not included in the above totals.

- a. The Administration’s request for ESF funding in FY2005 was at the same level as FY2006. However, Congress increased the appropriation for ESF funding for East Timor in FY2005 to levels significantly above the request.

Challenges and Potential Issues for Congress

Continuing U.N. Presence. U.S. Officials maintain that East Timor should reduce its reliance on direct assistance from the United Nations, though with continuing support from the United States and the international community, particularly to strengthen democratic institutions, infrastructure, economic development, and the training of security services.¹² Although it has now been extended, some in Congress were concerned about statements from U.N. officials that a U.N. presence, including peacekeepers, should remain in East Timor for another year. Supporters of a continued U.N. role argued that East Timor was not ready for the U.N. departure as the institutions of state are fragile. There is a perceived need to improve security services and the judiciary, and to ensure greater institutional transparency and the rule of law. East Timor had also requested that the U.N. maintain a small presence after May 2005.

¹² United States Mission to the United Nations, Press Release #28, February 28, 2005.

Human Rights. United States' relations with East Timor have been closely associated with U.S. relations with Indonesia and Jakarta's former control over East Timor. Congress has expressed concern with the legacy of past human rights abuses in East Timor by the Indonesian military and Indonesian military backed militias. This has led Congress to restrict military-to-military contact between the United States and Indonesia. (For additional information see CRS Report RL32394, *Indonesia: Domestic Politics, Strategic Dynamics and American Interests*, by Bruce Vaughn.) Looking to its future, the East Timorese government appears ready to put its past behind it in order to have a productive relationship with Indonesia. Indonesia has a population of some 230 million as compared to East Timor's 800,000 to one million. On December 14, 2004, East Timor and Indonesia established a Truth and Friendship Commission. East Timor's new Catholic Bishop reportedly opposes this solution to past abuses.¹³ U.S. policy supports a U.N. Commission of experts to look into past human rights abuses but also believes that the Truth and Friendship Commission is a valuable initiative. In April 2005, in a conciliatory gesture during his visit to East Timor, Indonesian President Yudhoyono visited the site of the Dili massacre of 1991. One possible issue for Congress, is to assess how these developments may impact existing human rights legislation regarding Indonesia.

Boundary Disputes. East Timor has been seeking to settle its boundaries with both Indonesia and Australia. In April, East Timor reached agreement with Indonesia on 96% of its land borders. Settling the maritime boundaries with Australia is critical to future division of an estimated tens of billions in oil and gas deposits beneath the ocean floor. East Timor has argued that the maritime boundary should lie at the midpoint between the two countries while Australia is arguing that it should lie at the end of its continental shelf. Under the previously negotiated boundary with Indonesia, the boundary was set closer to the then Indonesian controlled territory of East Timor than the midpoint between East Timor and Australia. Australian Foreign Minister Downer indicated that Australia, which did much to facilitate East Timor's independence, and East Timor had reached "substantial agreement on all major issues" during talks in Dili in April 2005 and that the details of the agreement would be settled in the near future. The agreement is thought to include an additional \$A2 to \$A5 billion for East Timor. In return, it is thought that East Timor will agree to not raise the issue of the sea boundary for some time.¹⁴ The U.S. position is that this is a bilateral issue between East Timor and Australia. Representative Barney Frank and Senator Jack Reed initiated a letter urging Australia to "to establish a fair" boundary with East Timor in March 2005.¹⁵

U.N. Reform. Many experts see the U.N. mission in East Timor as successful and confirm that UNTAET's mandate was unprecedented in scope with a wide range of power granted to the transitional administrator. As U.N. reform gains attention in the 109th Congress, it is likely that the legitimacy of this claim and the East Timor experience will be examined further, drawing out lessons learned and focusing on the contributing factors, which could perhaps be applied elsewhere.

¹³ "Timorese Church Opposed to Deal," *Townsville Bulletin*, February 8, 2005.

¹⁴ "Australia, East Timor Strike Deal," Organization of Asia-Pacific News, April 29, 2005.

¹⁵ Nigel Wilson, "US Calls for Fair Timor Deal," *The Australian*, March 11, 2004 and "Congress Urges Expeditious Talks on Permanent Maritime Boundary," [http://www.etan.org].